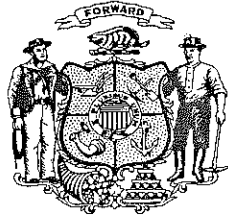


STATE OF WISCONSIN

SENATE CHAIR
MARK MILLER

317 East, State Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-9170



ASSEMBLY CHAIR
MARK POCAN

309 East, State Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: (608) 266-8570

JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Mark Miller
Representative Mark Pocan

Date: August 30, 2010

Re: WHEDA Wisconsin Development Reserve Fund Reports

Attached are copies of reports from the Wisconsin Housing and Economic Development Authority (WHEDA) regarding the Wisconsin Development Reserve Fund (WDRF), pursuant to s. 234.93(4) and 234.931(5), Stats.

In accordance to s. 234.93(4), Stats., the executive director of WHEDA shall provide the secretary of the Department of Administration and the Joint Committee on Finance a signed statement that includes all of the following:

- The amounts required to pay outstanding claims and to fund guarantees under each of the programs guaranteed by funds from the WDRF on that date.
- An explanation of how each amount was calculated or determined.
- The amount of the balance, if any, that remains in the WDRF, after deducting the outstanding claims, that will be transferred to the general fund.
- A projection of the amount of outstanding claims and the balance that remains will be on June 30th in each of the next two years.

In accordance with s. 234.931(5), Stats., annually, on or before November 1st, WHEDA shall submit to the chief clerk of each house and to the Joint Committee on Finance a report on the number and total dollar amount of guaranteed loans under each of the programs guaranteed by the WDRF. The report is to also include the default rate on the loans and any other information on programs guaranteed by the WDRF that WHEDA determines is significant.

These reports are being provided for your information only. No formal action is required by the Committee. Please feel free to contact us if you have any questions.

Attachments

MM:MP:jm

WHEDA®

we do so you can.

WISCONSIN HOUSING AND ECONOMIC
DEVELOPMENT AUTHORITY

201 West Washington Avenue

Suite 700

P.O. Box 1728

Madison, WI 53701-1728

Ph: 608-266-7884 ■ 800-334-6873

Fx: 608-267-1099

140 South 1st Street

Suite 200

Milwaukee, WI 53204

Ph: 414-227-4039 ■ 800-628-4833

Fx: 414-227-4704

August 24, 2010

Honorable Mark Miller
Co-Chair, Joint Committee on Finance
Room 409 South
State Capitol
Madison, Wisconsin 53702

Honorable Mark Pocan
Co-Chair, Joint Committee on Finance
Room 309 East
State Capitol
Madison, Wisconsin 53702

Re: Wisconsin Development Reserve Fund

Dear Chairpersons Miller and Pocan:

Pursuant to Wisconsin Statute 234.93(4), enclosed please find the following reports relating to the Wisconsin Development Reserve Fund:

Attachment 1: Calculation of June 30, 2010 WDRF Balance
WDRF Balance Transfer as of June 30, 2010
Projected WDRF Balance Transfer as of June 30, 2011
Projected WDRF Balance Transfer as of June 30, 2012

If you are in agreement with the information presented, no action is necessary. If you have questions or comments, please contact me or Laura Morris at 266-1640.

Sincerely,



Antonio Riley
Executive Director

cc: Secretary Daniel Schooff, DOA
Mr. Chris Pollek, Legislative Fiscal Bureau

Enclosures

Jim Doyle—Governor

Perry Armstrong—Chairman

Antonio R. Riley—Executive Director

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AUG 30 2010

BY: J. Finance

Wisconsin Housing and Economic Development Authority (WHEDA)

Attachment 1

Calculation of June 30, 2010 Wisconsin Development Reserve Fund (WDRF) Balance

1	WDRF Balance 6/30/09 *		10,108,752	
2	Appropriations to WDRF	0		
3	Investment Income *	362,272		
4	Fee Income	249,202		
5	Guarantee Payment Recoveries	11,514		
6	Required Lapses to State General Fund	0		
7	Guarantee Payments (Claims)	(555,963)		
8	Interest Subsidy Payments (Tourism)	0		
9	Admin. Expense Reimbursement to WHEDA General Fund	(877,471)		
10	Total		(810,445)	Sum lines 2-9
11	WDRF Balance 6/30/10*		9,298,307	Sum lines 1 and 10

* Includes Unrealized Gain/(Loss) on investments.

Wisconsin Housing and Economic Development Authority (WHEDA)

**Balance Transfer: Wisconsin Development Reserve Fund (WDRF)
For the Fiscal Year ended June 30, 2010**

Calculation

1	WDRF Balance (1)		\$9,298,307	
	Outstanding Claims (2)			
2	Agribusiness	0		
3	CROP/FARM	240,000		
4	Small Business Guarantee	500,000		
5	Target Area	0		
6	Tourism	0		
7	Total		740,000	Sum lines 2-6
	Principal and Outstanding Guarantees (3)			
8	Agribusiness	5,000,000		
9	CROP/FARM	30,000,000		
10	Small Business Guarantee	14,270,000		
11	Target Area	107,946		Actual Exposure
12	Tourism	0		Actual Exposure
13	Total	49,377,946		Sum lines 11-13
14	Maximum Guarantee coverage	49,500,000		Guarantee limit under 234.93(3)(a)
15	4.5:1 reserve calculation (3)		11,000,000	Line 14 divided by 4.5
	Principal and Outstanding Guarantees			
16	Taliesin	487,368		541,520 times 90% guarantee
17	4.0:1 reserve calculation (4)		121,842	Line 16 divided by 4
18	Total Deductions from WDRF Balance		11,861,842	Sum lines 7, 15 and 17
19	Calculation of Amount Available for Transfer		(2,563,535)	Line 1 less line 18
20	Transfer to General Fund		0	Line 19 or zero if line 19 less than zero

(1) Please see Attachment 1 for calculation of fiscal 2010 WDRF balance

(2) 234.93(4)(a)1, Wis. Stats.: Amounts sufficient "to pay all outstanding claims under the programs guaranteed by funds from the Wisconsin development reserve fund." Includes pending claims against the WDRF and total guarantee amount of all nonperforming loans.

(3) 234.93(4)(a)2, Wis. Stats.: Amounts sufficient "to fund guarantees under all of the programs guaranteed by funds from the Wisconsin development reserve fund, except for the program under s. 234.935, at a ratio of \$1 of reserve funding to \$4.50 of total outstanding principal and outstanding guaranteed principal that the authority may guarantee under all of those programs." Each line (except Target Area and Tourism) includes 80% or 90% of all performing loans and remaining outstanding guaranteed principal the Authority may guarantee on June 30, 2010, less amount of claims under (1) above. Target Area and Tourism represent actual remaining guarantee exposure.

(4) 234.93(4)(a)3, Wis. Stats.: Amounts sufficient "to fund guarantees under the program under s. 234.935 at a ratio of \$1 of reserve funding to \$4 of total principal and outstanding guaranteed principal that the authority may guarantee under that program."

Projected Balance Transfer: Wisconsin Development Reserve Fund (WDRF)
For the Fiscal Year ending June 30, 2011

			Calculation
1	Actual WDRF Balance 6/30/2010	9,298,307	
	Fiscal 2011 Projections		
2	Appropriations to WDRF	0	
3	Investment Income*	207,319	
4	Fee Income	236,000	
5	Guarantee Payment Recoveries	0	
6	Required Lapses to State General Fund	0	
7	Guarantee Payments (Claims)	(1,075,000)	
8	Interest Subsidy Payments (Tourism)	0	
9	Admin. Expense Reimbursement to WHEDA General Fund	(907,494)	
10	Total	(1,539,174)	Sum lines 2-9
11	Projected WDRF Balance 6/30/2011	7,759,133	Sum lines 1 and 10
	Principal and Outstanding Guarantees		
12	Agribusiness	5,000,000	
13	CROP/FARM	30,000,000	
14	Small Business Guarantee	14,270,000	
15	Target Area	49,665	Actual Exposure
16	Tourism	0	Actual Exposure
17	Total	49,319,665	Sum lines 12-16
18	Maximum Guarantee coverage	49,500,000 **	Guarantee limit under 234.93(3)(a)
19	4.5:1 reserve calculation	11,000,000	Line 18 divided by 4.5
	Principal and Outstanding Guarantees		
20	Taliesin	439,999	488,888 times 90% guarantee
21	4.0:1 reserve calculation	110,000	Line 20 divided by 4.0
22	Aggregate reserve calculation	11,110,000	Sum lines 19 & 21
23	Calculation of Amount Available for Transfer	(3,350,867)	Line 11 less line 22
24	Transfer to General Fund	0	Line 23 or zero if line 23 less than zero

* Before GASB 31 adjustment.

** The ability to issue guarantees is based on both the authorized guarantee(Maximum Guarantee coverage) and the projected WDRF balance. The reserve calculation is based on the Authorized guarantee; however, if the WDRF balance falls below \$11 million, the Guarantee coverage becomes the WDRF projected balance multiplied by 4.5, or \$ 34,916,097

**Projected Balance Transfer: Wisconsin Development Reserve Fund (WDRF)
For the Fiscal Year ending June 30, 2012**

			Calculation
1	Projected WDRF Balance 6/30/2011	7,759,133	
	Fiscal 2012 Projections		
2	Appropriations to WDRF	0	
3	Investment Income *	364,535	
4	Fee Income	277,339	
5	Guarantee Payment Recoveries	0	
6	Required Lapses to State General Fund	0	
7	Guarantee Payments (Claims)	(750,000)	
8	Interest Subsidy Payments (Tourism)	0	
9	Admin. Expense Reimbursement to WHEDA General Fund	(907,494)	
10	Total	(1,015,620)	Sum lines 2-9
11	Projected WDRF Balance 6/30/2012	6,743,513	Sum lines 1 and 10
	Principal and Outstanding Guarantees		
12	Agribusiness	5,000,000	
13	CROP/FARM	30,000,000	
14	Small Business Guarantee	14,270,000	
15	Target Area	49,665	Actual Exposure
16	Tourism	0	Actual Exposure
17	Total	49,319,665	Sum lines 12-16
18	Maximum Guarantee coverage	49,500,000 **	Guarantee limit under 234.93(3)(a)
19	4.5:1 reserve calculation	11,000,000	Line 18 divided by 4.5
	Principal and Outstanding Guarantees		
20	Taliesin	369,999	633,333 times 90%
21	4.0:1 reserve calculation	92,500	Line 20 divided by 4.0
22	Aggregate reserve calculation	11,092,500	Sum lines 19 & 21
23	Calculation of Amount Available for Transfer	(4,348,987)	Line 11 less line 22
24	Transfer to General Fund	0	Line 23 or zero if line 23 less than zero

* Before GASB 31 adjustment.

** The ability to issue guarantees is based on both the authorized guarantee(Maximum Guarantee coverage) and the projected WDRF balance. The reserve calculation is based on the Authorized guarantee; however, if the WDRF balance falls below \$11 million, the Guarantee coverage becomes the WDRF projected balance multiplied by 4.5, or \$ 30,345,809



we do so you can.

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AUG 30 2010

BY: *St. Finance*

Jim Doyle—Governor
Perry Armstrong—Chairman
Antonio R. Riley—Executive Director

August 24, 2010

WISCONSIN HOUSING AND ECONOMIC
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Co-Chair, Joint Committee on Finance
Room 409 South
State Capitol
Madison, Wisconsin 53702

Honorable Mark Pocan
Co-Chair, Joint Committee on Finance
Room 309 East
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Madison, Wisconsin 53702

Patrick E. Fuller
Assembly Chief Clerk
17 W. Main Street, Room 208
P. O. Box 8952
Madison, WI 53708-8952

Robert Marchant
Senate Chief Clerk
17 W. Main Street, Room 401A
Madison, WI 53708

Re: Wisconsin Development Reserve Fund

Dear Chairpersons Miller and Pocan and Chief Clerks Fuller and Marchant:

Pursuant to Wisconsin Statute 234.931(5), enclosed please find the following report relating to the Wisconsin Development Reserve Fund:

Annual Report of Guarantee Funds as of June 30, 2010

Should you have any questions or comments on the reports, please feel free to call me at 266-1640.

Sincerely,

Laura B. Morris,
Chief Financial Officer

Enclosures

Cc: Chris Pollek, Legislative Fiscal Bureau

**WISCONSIN DEVELOPMENT RESERVE
ANNUAL REPORT OF GUARANTEE FUNDS
AS OF JUNE 30, 2010**

GUARANTEE LOANS	LOANS OUTSTANDING	LOANS TO DATE	LOANS DEFAULTED	RATE OF DEFAULT
AGRIBUSINESS	4 \$ 681,343.00	33 \$ 8,039,039.00	4 \$ 283,143.00	12.12%
CROP*	219 \$ 9,742,585.00	15,279 \$266,214,662.00	200 \$ 2,075,909.00	1.31%
FARM	71 \$ 5,581,376.00	317 \$ 18,648,237.00	8 \$ 107,381.00	2.52%
DROUGHT **	0	N/A	N/A	N/A
RECYCLING **	0	7 \$ 1,962,125.00	2 \$ 457,381.00	N/A
SMALL BUSINESS	139 \$ 12,522,723.00	397 \$ 37,960,758.00	18 \$ 756,753.00	4.53%
TARGET**	3 \$ 107,946.00	108 \$ 10,644,083.00	18 \$ 611,549.00	16.67%
TOURISM**	0 \$ -	136 \$ 6,799,940.00	2 \$ 47,733.00	1.47%
TALIESIN	1 \$ 487,368.00	1 \$ 7,200,000.00	0	0.00%

* CROP reflects activity from January 1, 1993 to the present.

The number of Loans defaulted in the CROP program increased but the amount of defaults declined due to a change in reporting. Prior reports listed the defaults at original loan value. The number has been changed to reflect the loan value at time of default.

** These programs are no longer active.